



U.S. Department of Justice

**Terrence Berg
United States Attorney
Eastern District of Michigan**

***Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277***

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

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EVENT: Sentenced

Defendant: Patrick J. Harrington

FORMER SBA LOAN V.P. SENTENCED TO TEN YEARS IN FRAUD SCHEME

A former executive vice-president of Business Loan Express (BLX), was sentenced today to 10 years' imprisonment based upon his prior guilty pleas on a two-count information charging him with conspiracy to defraud the United States and with perjury before the Grand Jury, Acting United States Attorney Terrence Berg announced today. Mr. Berg was joined in the announcement by Peter McClintock, Deputy Inspector General, Small Business Administration (SBA) and Special Agent in Charge William Callahan, United States Secret Service, Detroit Field Office. In addition to the term of imprisonment, the Court ordered Harrington to pay restitution totaling approximately \$34,000,000 to BLX, SBA and Community South Bank.

Patrick J. Harrington, 45, of Beverly Hills, Michigan, was sentenced in the United States District Court by Judge Avern Cohn in what was referred to as the single largest SBA loan fraud scheme in the history of the agency. At least 89 fraudulent loans, totaling approximately \$85,000,000, were issued through the BLX office in Troy, Michigan under Patrick Harrington's

authority.

Acting United States Attorney Terrence Berg said “The effects and consequences of this fraud scheme are felt today in our community and will resonate nationwide for years to come. The lesson from the Court’s imposing the maximum ten year sentence should be very clear: fraud in connection with lending is a serious crime that will land you in prison.”

Harrington had been previously charged in a fourteen-count indictment arising from his alleged involvement in the fraudulent issuance of SBA-guaranteed loans by Business Loan Express. Business Loan Express was one of the largest lenders participating in the SBA 7(a) Loan Guaranty Program and had offices throughout the country. Harrington headed up the Troy, Michigan office of Business Loan Express. That office is now closed, and BLX now operates under the name Ciena Capital. Ciena Capital declared bankruptcy on September 30, 2008.

In imposing the maximum sentence allowable for the crimes charged, Judge Cohn noted that Mr. Harrington’s fraudulent conduct “inflicted mammoth injury on BLX and the employees of BLX” and “mammoth intangible loss to the SBA.” With respect to Mr. Harrington’s conviction for lying to the federal grand jury, Judge Cohn stated this sentence will make “clear what happens to people who falsely testify to a grand jury,” because “people who lie to the grand jury inflict injury on all of us.”

The federal investigation of fraudulent SBA loans issued through BLX is ongoing. To date, thirty-four individuals have been indicted or otherwise charged in this investigation. Seventeen individuals have been convicted and sentenced, and others await resolution. The investigation is being conducted by special agents of the U.S. Small Business Administration-Office of Inspector General, and the United States Secret Service. Assistant United States Attorneys John Engstrom and Noceeba Southern are assigned to the investigations.